

A photograph of a warehouse interior. In the foreground, a worker wearing a yellow hard hat and a maroon vest is operating a yellow and grey forklift. The forklift is carrying a pallet of cardboard boxes. The background shows high industrial shelving units filled with more boxes, extending into the distance under a large, open steel roof structure.

ORACLE

Oracle for the Wholesale Distribution Industry

Oracle explores the most influential forces shaping the industry and key imperatives for wholesale distributors seeking to optimize profit margins, launch new business models and exceed customer expectations.



The most influential forces shaping wholesale distribution

For wholesale distributors, the challenges of the recent past have only accelerated the technology requirements needed to transform digitally to stay ahead of the competition and drive growth.

The changing customer expectations in B2B selling driven by B2C customer preferences, including perfect orders, digital experiences, and sustainability practices, have pushed distributors to digitally connect their front-and back-office business processes to enhance customer experience.

To combat rising costs and low profit margin, distributors must automate their business processes to operate more efficiently and adopt new business models for revenue. The disparate home-grown systems simply cannot keep up with new business requirements.

Supply chain disruptions keeps distributors on their toes to maintain customer satisfaction with supplies that satisfy demand. A dynamic supply sourcing model and integrated business planning and execution help distributors to stay resilient.

According to the National Association of Wholesalers-Distributors, 50% to 75% of expenses are employee related, and worker shortages aren't going away anytime soon. Distributors will need to redouble efforts to attract and retain talent, as well as to acquire a deeper bench of talent to help them manage digital business transformations.

As industry observers expect M&A activity to heat up and the industry continues to consolidate, distributors are doubling down on digital transformation to scale their businesses.

\$8.1 T

The National Association of Wholesalers-Distributors projects the wholesale distribution industry will reach \$8.1 trillion sales revenue in 2023.

1 Changing customer expectations

Every seller in the B2C world is familiar with how customer expectations for service, delivery, and support have evolved. Wholesale distribution has experienced its own version of this shift—with increased demand for digital experiences, hands-off sales processes, and sustainability practices—but that shift has been easier to ignore because it happened more slowly. Today, those preferences have caught up with wholesale distribution. No longer can distributors rely on the traditional “pick, pack, and ship” model to keep their customers happy. They’re now serving B2B buyers who want a B2C customer experience. According to a survey by Modern Distribution Management, Ecommerce and Customer relationship management solutions are top technologies wholesale distributors are investing in, followed by pricing and warehouse management solutions. Distributors will also need to step up their sustainability initiatives as investors, employees, customers, and regulators expect to see greater progress.

What wholesale distributors are investing in*

44%
of wholesale distributors
are investing Ecommerce

41%
CRM solutions

29%
Pricing solutions

25%
WMS

*Source: Survey by Modern Distribution Management 51, No. 17 (September 10, 2021), mdm.com/premium-issues/september-10-2021/

2 Rising costs and low profit margin

Distributors face economic pressures and uncertainty in the form of high inflation, supply shortages, higher logistics costs and geopolitical conflicts. With analysts estimating average after-tax profit margins of less than 2% going forward, maintaining lean organizational cost structures remains a top priority. Distributors are also looking for new revenue streams by adopting new business models and value-added services. It is difficult to support new operational procedures without a unified platform and integrated solutions.

3 Supply chain disruptions

Amidst ongoing global supply chain disruptions, wholesale distributors are challenged to maintain the right level of supply with the right inventory in the right warehouse location. Without consolidated data across business processes and visibility into supply chain, it is challenging for distributors to forecast demand, accurately plan restocking, and sourcing.

79%

of supply chain leaders think an internet/platform-based approach is the most critical new business model to support post-crisis recovery

Source: Gartner for Supply Chain, "Future of Supply Chain", 2021)

4 Disparate home-grown systems

Legacy order management, ERP financial systems and supply chain applications were never built for a modern wholesale distribution environment with its complex array of channels, products, pricing, trade promotion programs and logistics. Business risks abound in these legacy environments and can easily stifle growth. For example, changing customer expectations and growth through mergers and acquisitions (M&A) are exposing IT complexity with multiple outdated, and inflexible systems for not only supply chain operations, but also enterprise resource planning (ERP), customer relationship management (CRM) processes. Distributors need to streamline operations, automate processes, and build a back office that can support growth.

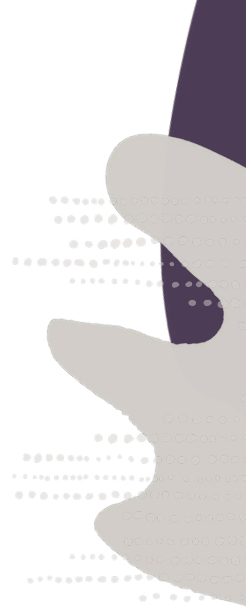
5 Labor shortages

Wholesale distributors have continuous challenges with attracting, retaining, and up-skilling sales, truck drivers, warehouse workers, and back-office personnel. They also need to acquire a deeper bench of talent to help them manage digital business transformations. Strategic workforce planning and a focus on improving the employee experience are paramount to attracting and retaining talent.

50% to 75%

of expenses are employee related

Source: Dan Schuberth, Chief Revenue Officer, National Association of Wholesaler-Distributors, "Distribution Industry Overview" (PowerPoint presentation, Washington, DC, July 20, 2021).



Key imperatives for wholesale distributors

Reduce costs through a resilient supply chain

Many distributors were caught off guard by the rapid shift of customer preferences and the growth of new distribution channels—for example, digital experience, perfect order, direct-to-consumer, omnichannel and subscriptions. To ensure customer satisfaction, cross-functional teams need access to unified data across business processes to gain a holistic view of customers, orders, inventory, and pricing.

Oracle Fusion Cloud CX sales, SCM Order Management and ERP Financials help distributors adopt new selling strategies, including omnichannel commerce and fulfillment, subscription services and direct-to-consumer, with capabilities in digital marketing, online merchandising, account-based pricing, and flexible shipping.

Tramontina simplifies distribution on Oracle Cloud

One of the leading producers of culinary products, Tramontina USA turned to Oracle Fusion Cloud ERP, Oracle Cloud Infrastructure, and Oracle Supply Chain Management solutions to manage demand, orchestrate order fulfillment and shipping and streamline order processing. Oracle helped the company create a centralized order hub to handle demand surges and gain total supply chain visibility to better forecast demand and optimize inventory.

TRAMONTINA

“Oracle Order Management increased our drop-ship efficiency, making us a trusted partner to fulfill perfect orders for retailers and consumers. When demand surged 40%, we were able to meet customer demand without major issues.”

Marcelo de Matheus

Chief Information Officer, Tramontina USA®

Optimize profit margin with intelligent process automation

Traditional wholesale distributors don't have the same level of automation to improve productivity and operational efficiency. They often run at larger volumes and with more costly employee-intensive operations. Cloud solutions can bring automation to the wholesale distribution supply chain to boost speed, efficiency, and cost effectiveness.

Oracle helps distributors increase automation in order fulfillment, rebate program management, warehouse management, and transportation management with Oracle Cloud CX and SCM. These automated processes allow distributors to proactively manage their complex mix of channels, products, pricing, and warehouse operations while reducing order-to-cash cycle time.

Hormel boosts business performance with Oracle Cloud Applications

With a portfolio of 50-plus brands, packaged food leader Hormel Foods has helped its business grow with strategic acquisitions. By migrating finance and supply chain applications to the cloud, Hormel automated its financial close and optimized its business operations.



“With all the data in one place, we all speak the same language, which helps as we move and integrate data, add people to payroll, get benefits information, set up accounts, and so forth. We’ve got a proven playbook.”

Mark Vaupel

Vice President of IT, Hormel Foods®



Improve supply chain resilience

Distributors can respond quickly to changing demand, supply, and market conditions by connecting their supply chain to create a resilient operating network. Distributors can optimize operations with Oracle's Integrated Business Planning and Execution solutions to enhance visibility across supply chain, help make better decisions around supply planning, procurement, inventory, demand forecast, logistics and workforce planning.

Wolseley enhances visibility across inventory sites

A leading distributor of plumbing, heating, and cooling products, Wolseley had limited visibility into its global inventory, causing overstock and difficulty filling customer demand. The company deployed Oracle Cloud solutions to centralize supply planning and purchasing, automate replenishment planning and execution, and enable a global order promising program. The integrated platform helped the distributor improve stock availability, boost on-time-in-full performance, reduce inventory costs, and increase revenue and profit margins.

WOLSELEY

“Before we had Oracle, everything was very manual and we didn't have a single view of inventory. Today, we are no longer overexposed on a day-to-day basis when dealing with exceptions, peaks, and troughs.”

Roger Connett
IT Director, Wolseley®



Outpace the competition with new business models

With the industry convergence, wholesale distributors need to prepare for M&A-driven growth by simplifying and modernizing their IT applications and infrastructure. Older infrastructure inhibits them from continuously innovating. By replacing legacy solutions with an automated and integrated solution, they can pivot to higher-margin business models with new services that improve the customer experience and provide a competitive advantage.

Industrial distributor optimizes 75K shipments a day with Oracle

With a menu of 1.4 million products, this \$5.3 billion industrial distributor needed to support rapid expansion of same-day delivery of roughly 75,000 shipments to 50 distribution centers and 100,000 vending machines.

It chose Oracle Warehouse Management to create a new fulfillment system and integrate it with several homegrown ERP systems and RFID technologies. With Oracle's rapid deployment capabilities and easy-to-use customer interface, the industrial distributor quickly redesigned its distribution network to carry more goods within a same-day delivery radius of its customers. Since then, the company has increased contactless sales, reduced out-of-stock events, and increased replenishment efficiency.



Elevate the employee experience to attract and nurture talent

Given that employee-related expenses make up an estimated 50% to 75% of business costs, workforce management continues to be a top priority for distributors to drive growth. They need strong recruiting, HR and talent management tools to address the shortage of qualified talent to meet today's automation-driven distribution. By optimizing workforce planning, they can attract and retain the best talent.

Oracle's integrated solution across HR, supply chain and finance, enables distributors to deliver a better employee experience with the latest digital technologies and support needed to be successful in these new digital transformation roles.

Mouser Electronics simplifies global workforce management

Mouser Electronics is the world's seventh-largest distributor of electronic components. To sustain its double-digit annual growth and serve customers around the world, it needed a modern multicurrency financial management solution to reconcile intercompany transactions on a global scale.

Oracle Cloud enabled the company to align finance and operations, eliminate error-prone manual processes, navigate supply chain challenges, simplify global workforce management, create greater cross-team collaboration, and provide insights into budgets, forecasts, and talent.



Next steps to move forward

Wholesale distributors can respond quickly to changing customer expectations, supply chain disruptions and macroeconomic conditions by connecting their front-and back-office business processes to create value for customers and increase profit margin. Rapid technology advancements are creating transformational opportunities enabling them to increase resilience, create new business models, and drive scalable growth.

Get started with a live demonstration or workshop for your team to align Oracle capabilities with your business needs; bring in Oracle experts for a functional deep dive of our integrated front-and back-office solutions for wholesale distribution.

Learn more

[Explore Oracle Wholesale Distribution](#)

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